IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Company Petition No. 10 of 2006

Date of decision: November 2, 2006

In the matter of :

M/s Hemkunt Iron & Steel (Pvt.) Ltd. Applicant-Petitioner

Coram

The Hon'ble Mr. Justice Deepak Gupta, Judge.

Whether approved for reporting?[1]

Mr.Suneet Goel, counsel for the applicant-petitioner

Mr.Sandeep Sharma, Assistant Solicitor General of India for the Central Government.

Deepak Gupta, J.

The present petition has been filed by the petitioner company for sanction of the scheme of arrangement arrived at between the company and its creditors.

The petitioner company had filed Company Petition 1 of 2006 in this court. The registered office of the company is at village Damuwala, Haripur Road, Barotiwala, District Solan, H.P. The company was incorporated on 18.12.1980 and the authorized capital of the company as on 31.3.2000 was Rs.15,00,000/- and was raised to Rs.50,00,000/- w.e.f. 31.8.2005. The paid up capital of the company was only Rs.15,00,000/-.

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[1] ***Whether the reporters of the local papers may be allowed to see the Judgment?***

According to the company, it had raised interest free unsecured loans/deposits from its members and as on 30.3.2005 the company owed these creditors a sum of Rs.1,11,37,000/- (one crore eleven lacs thirty seven thousand) only. The company was unable to pay its debts and suspended its business activity in July, 2002. The company was not in a position to pay all the loan of its creditors. The company entered into an arrangement with its creditors whereby it was decided to allot Rs. 11,137/- fully paid up shares of 100/- each in the capital of the company to the creditors in full and final satisfaction of the sums owed by the company to the creditors. The creditors agreed to this proposal.

The company thereafter filed Company Petition 1 of 2006 for approval of the scheme of arrangement. A meeting of the creditors of the company was ordered to be convened under the Chairmanship of Mr.Ankush Dass Sood, Advocate, vide order dated 13.1.2006 passed in the said petition. The meeting was held on 6.6.2006 and as per report of the Chairman all the creditors approved of the scheme of arrangement. The Company Petition No. 1 of 2006 was disposed of on 26th July, 2006 with liberty reserved to the Petitioner Company to move appropriate approval for sanction of the scheme. Hence the present petition.

Notice of the present petition was given to the Central Government. The Central Government was given two opportunities to file its response to the petition, but the same has not been filed. It appears that the Central Government has no objection to the sanction of the scheme of arrangement. In view of the facts and circumstances narrated above and having regard to the averments

made in the petition duly supported by the affidavit of the authorized signatory and the material placed on record and the report of the Chairman appointed for holding meeting of the creditors and keeping in view the fact that no person has objected to the scheme of arrangement, I am satisfied that the prayer made by the petitioner company is genuine and the scheme of arrangement deserves to be sanctioned. The said scheme does not cause any prejudice to the shareholders, the employees or the general public. I also do not find any legal impediment in the way of sanction of the scheme. Accordingly the scheme of arrangement is approved and sanctioned

With the above observations, the Company petition is disposed of.

November 2, 2006(K) (Deepak Gupta), Judge